

THE EASTERN PANHANDLE ECONOMIC OUTLOOK 2019-2023



Eastern Panhandle Economic Outlook

2019-2023 is published by:

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Executive Summary

West Virginia's Eastern Panhandle (EPH) remains one of the state's strongest economic regions. Employment and numerous other economic indicators point to strength in the EPH economy compared to West Virginia overall. In this report, we present a detailed discussion of the current state of the EPH economy along with our forecast for the likely path of economic activity over the next five years.

Several key facts behind the recent economic performance of the Eastern Panhandle Region are as follows:

- **Employment in the EPH rebounded at a healthy pace after the Great Recession and the region has continued to build upon those gains in recent years.** Local employers added roughly 5,500 new jobs on a cumulative basis between 2012 and mid-2018, while the state as a whole lost 20,000 over the same time period.
- Among the region's three counties, employment growth has been strongest in Berkeley County, but Jefferson County has also contributed to job gains over the past several years.
- **The trade, transportation, and utilities sector has shown the strongest employment growth in recent years,** driven heavily by the Macy's fulfillment center as well as growth in retailing activity. Other sectors contributing to growth in a positive manner include private education and healthcare services and construction.
- **Not all sectors have added a significant number of jobs recently.** Difficulties in the leisure and hospitality sector have resulted in only modest gains over the past three years. Public sector employment – the region's largest sector overall – has been flat at best for nearly a decade. Construction and business services have also been relatively slow to add new jobs in recent years.
- **Unemployment in the region is substantially lower than the national and statewide average.**
- **Labor force participation rates exceed the overall statewide average and Jefferson and Berkeley counties have workforce participation rates above the national average.**

- **The EPH has posted by far the largest population increase of any region in the state in recent decades.** Over the past 20 years, the EPH has gained 65,000 residents, offsetting the loss of an equivalent number of people for the state's remaining 52 counties over this time period.
- **EPH's population is younger and has a larger share of college-educated residents than the overall state.**

Our forecast calls for continued healthy growth in the Eastern Panhandle over the next five years. Key aspects of our EPH forecast are as follows:

- **We expect employment to grow at an average annual rate of just above 0.6 percent per year in the EPH through 2023.** While this rate is down from what has been enjoyed over the past few years, it surpasses forecast employment growth for the state by a healthy margin.
- **The manufacturing sector is expected to produce the fastest rate of job growth in the coming years, with a forecast of more than 4 percent annually.** Gains will be driven largely by ongoing expansion at the recently-opened Proctor & Gamble facility.
- **Construction is expected to post strong job growth over the very near term,** but lag the broader regional performance over the longer term. Leisure and hospitality is expected to be the only major sector to see an overall net job loss over the next five years.
- **Unemployment is expected to remain very low in the region throughout the entire outlook period.**
- **Strong increases in wages and salaries from local workers and commuters to the Greater DC Area, along with investment income, will drive healthy growth in personal income for the EPH in coming years.**
- **The EPH population is expected to grow at a rate of 1.0 percent annually in coming years.** This stands in sharp contrast to anticipated declines in population for most regions in West Virginia.

Recent Economic Performance

The Eastern Panhandle¹ remains West Virginia’s strongest economic region, having registered a healthy and consistent pace of growth since the beginning of the US economic recovery. Indeed, even as total statewide employment plunged by roughly 27,000 between early-2012 and late-2016, employers in the Eastern Panhandle managed to add roughly 4,200 jobs over this same time period, or a 9 percent gain. Moreover, even as job growth for the state as a whole has picked up noticeably over the past six quarters, the Eastern Panhandle has continued to outperform overall statewide employment gains by a fairly sizable margin over this time period. The three-county region continues to post gains across a broad set of industries, but the late-2017/early-2018 opening of Procter & Gamble’s new production facility in Berkeley County has also provided a significant boost to local growth.²

PERFORMANCE BY COUNTY All three counties within the Eastern Panhandle Region experienced job losses during the national economic downturn, but each county has followed a different track spanning the period of time between when the US economy emerged from the recession through mid-2018. With nearly two-thirds of the jobs found in the region, along with the fact that it lies directly on the I-81 corridor and is close to I-70, Berkeley County is regarded as the Eastern Panhandle Region’s economic center. Over the course of the Great Recession and the early stages of the national economic recovery, Berkeley County saw total payrolls shrink by nearly 12 percent on a cumulative basis. Since the beginning of 2010, however, the county’s employment base has jumped by nearly 6,400, or a cumulative gain of nearly 23 percent.

Jefferson County, which contains roughly 30 percent of the jobs located within the region, experienced a moderate episode of job losses during the economic downturn but gains over the past several years have been uneven. After seeing an initial gain of 1,300 jobs (9 percent) between

the first quarters of 2010 and 2012, growth slowed appreciably in the subsequent two-year period and has been somewhat volatile overall through mid-2018. Nonetheless, Jefferson County’s employment level has increased nearly 14 percent since early-2010 and is well above the peak posted prior to the Great Recession. While Berkeley and Jefferson counties have registered solid gains in employment since 2010, Morgan County has been weaker by comparison as payrolls have bounced around a relatively small range since early-2013.

Figure 1: Total Employment

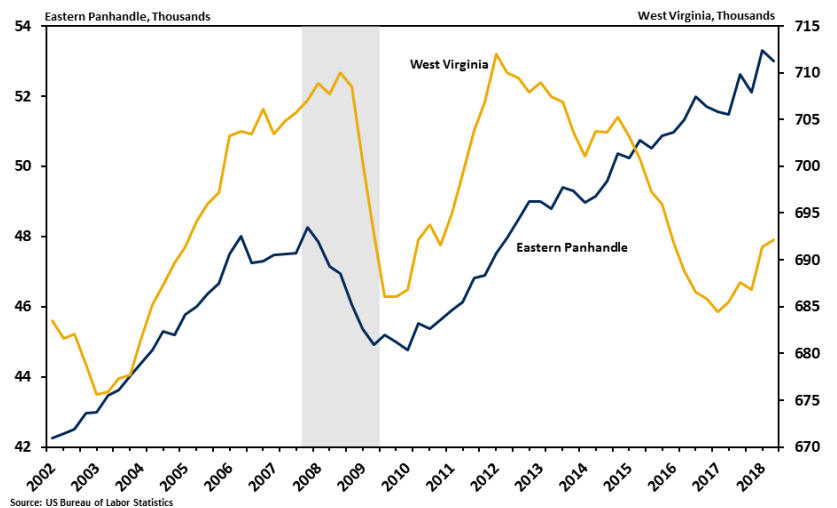
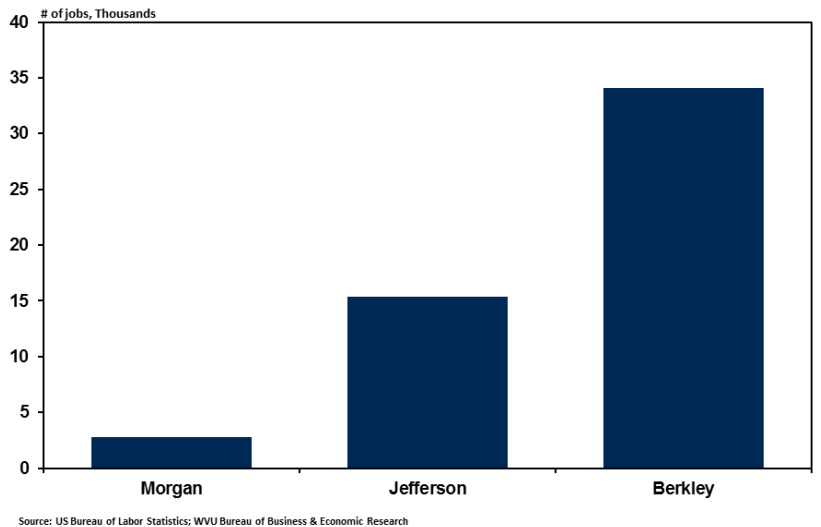


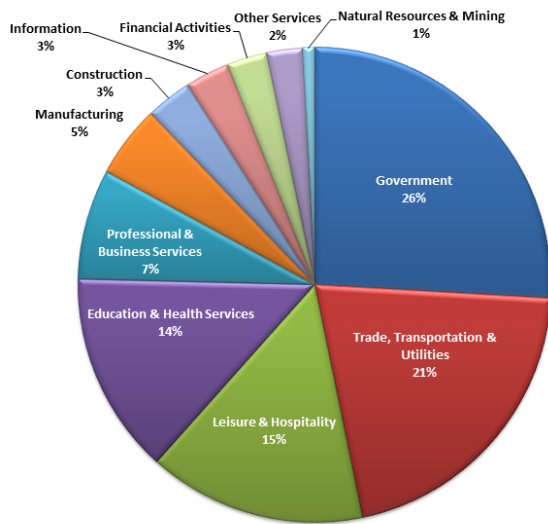
Figure 2: Total Employment by County (2017)



¹ For the purposes of this report, The Eastern Panhandle Region is comprised of three counties: Berkeley, Jefferson and Morgan counties.

² Sources for historical information are noted in each figure.

Figure 3: Eastern Panhandle Employment Distribution by Sector



Source: US Bureau of Labor Statistics; 2017 data.

COMMUTER JOBS Although the Eastern Panhandle has enjoyed strong payroll growth from within the region in recent years, the region remains highly reliant upon economic activity in larger population centers in adjacent states. Indeed, more than 40 percent of the Eastern Panhandle’s workforce holds a job in places such as Northern Virginia, Suburban Maryland or downtown Washington DC. The fiercely-partisan budget battles from the early 2010s caused a noticeable slowdown for much of the Greater Washington DC Area’s economy as sequestration impacted hiring at both federal and private employers throughout the region in 2013 and 2014—including commuters from the Eastern Panhandle. Greater DC Area growth has picked back up since then and has helped to open up the availability of high-wage jobs for the scores of commuters that reside in exurban counties such as Berkeley and Jefferson counties. In all, nearly 7,000 residents in the Eastern Panhandle have obtained jobs between late-2014 and mid-2018.

TRADE SECTOR Even though many sectors have contributed to the Eastern Panhandle’s gains over the past several years, a large chunk of the jobs created in the three-county area have come from a handful of sources. Since 2012, the trade, transportation and utilities sector has recorded the single-largest addition of any sector for the area, largely as a result of the Macy’s fulfillment center in Martinsburg. Year-round staffing levels for the facility total roughly 1,700 workers, but annual averages are significantly higher as more than 3,000 workers are hired on a temporary basis for the winter holiday shopping

season. In addition to the boost created by distribution and warehousing services at the Macy’s facility and other sites along the I-81 corridor, strong gains in the Eastern Panhandle’s population and income base have enabled the region to add retail jobs over the past several years. Indeed, while state and national-level trends in retail employment have been negative, especially as competitive issues for brick-and-mortar locations with Amazon-style sellers and structural shifts in consumer preferences have prompted a wave of high-profile bankruptcies, the three-county area has managed to post a 7 percent gain in retail trade payrolls since early-2013.

EDUCATION AND HEALTH The education and health services sector has accounted for a large portion of jobs added in the region in recent years. Despite an extended period in 2012 and 2013 when no new jobs were added, the sector as a whole has seen a net increase of roughly 1,800 workers since 2010. Moreover, the sector has driven a significant share of regional job growth from a long-term perspective, as private education and health care providers in the Eastern Panhandle have more than doubled their employment bases since the late-1990s. Most of these gains are connected to the broader trends that are occurring nationally within the healthcare sector vis-a-vis rising demand for healthcare services from an aging population. However, private education provider American Public University System (APUS) is headquartered in Charles Town and has aggressively boosted its online education offerings in recent years, resulting in appreciable faculty and staff additions at its local corporate and academic offices.

OTHER SERVICES Leisure and hospitality is a comparatively large player in the Eastern Panhandle’s economy and has seen payrolls increase by 9 percent since early-2014. As has been the case with retail activity, the sector has been buoyed by solid growth in population and income over the past several years as well as the addition of several midscale hotels along the I-81 corridor in Berkeley County. In general, these improvements have been necessary to offset the struggles felt at the sector’s largest employer—Hollywood Casino. In addition to the overall downward trend in gaming activity nationally, the addition of MGM National Harbor and other venues in Maryland has significantly increased the level of competition for casino

visitors. On a positive note, however, Hollywood Casino was one of two casinos in the state to launch on-site sports betting services and has seen a jump in revenue and visits over the past few months as a result.

Professional and business services has slowly added jobs during the last few years. The Eastern Panhandle’s adjacency to Northern Virginia and Suburban Maryland has made it a viable location for several federal contractors as well as back-office support functions for other private sector companies, particularly for IT, legal and accounting services for DC-area employers.

PUBLIC SECTOR While a large number of residents commute into Maryland, Northern Virginia or Washington DC to work for federal agencies, the public sector also has a large presence in the Eastern Panhandle—accounting for more than 1 in 4 jobs in the three-county area. Aside from state and local government offices, the US federal government has a sizable presence, with offices and various facilities for Treasury, Veterans Affairs, Customs, the National Parks Service and other agencies employing nearly 4,800 workers. Total public sector employment in the region has changed very little since 2010.

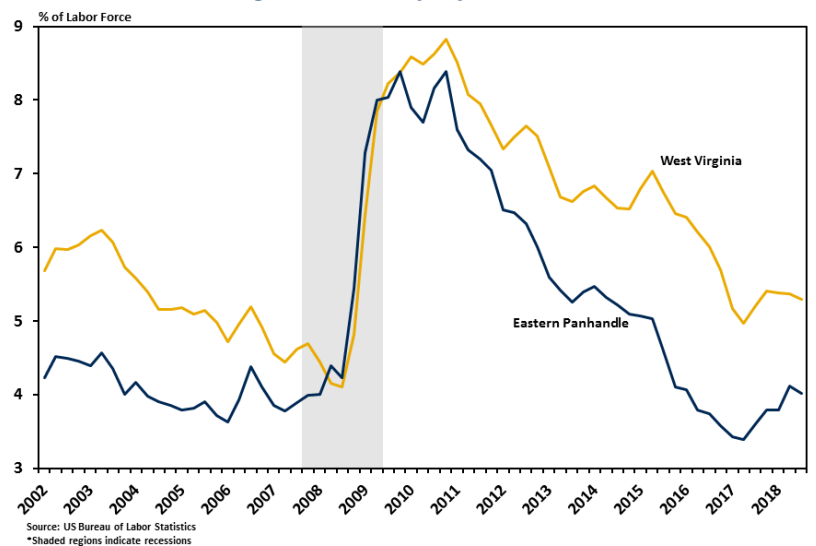
CONSTRUCTION While the Eastern Panhandle’s construction sector has not experienced the level of growth in the past year or so as other portions of the state have as a result of natural gas pipeline development, overall construction activity in the area has still registered some gains over the past few years. Given recent increases in population growth and the steep drop-off in development in the aftermath of the US housing market’s collapse, a large share of the construction sector’s growth in the three-county area has been driven by new home construction activity. After fewer just over 800 new homes were started over the course of 2016, starts jumped to roughly 1,000 in 2017 and this total is expected to approach 1,150 for 2018.

Nonresidential activity has been heavily concentrated on one particular project in the area, with an estimated price tag of \$500 million for the Procter & Gamble manufacturing facility in Tabler Station. The project is entering its late phase as the facility officially became

operational during early-2018. The remaining work will consist of adding distribution facilities and production lines for other consumer cleaning products. Spending on nonbuilding projects such as infrastructure and other public works has averaged just over \$40 million on an annualized basis during the past few years, but is expected to ramp up somewhat over the next year or so as projects funded by the Roads to Prosperity bond program are started and Mountaineer Gas extends its recently-completed pipeline into Jefferson County.³

AGRICULTURE While the Eastern Panhandle contains a limited amount of mining operations, the region is one of the few in the state that does have a sizable presence of agricultural activity. The Eastern Panhandle contains about 1,300 farming operations, with cattle, horses and apple orchards constituting most of the area’s farming activities.

Figure 4: Unemployment Rate

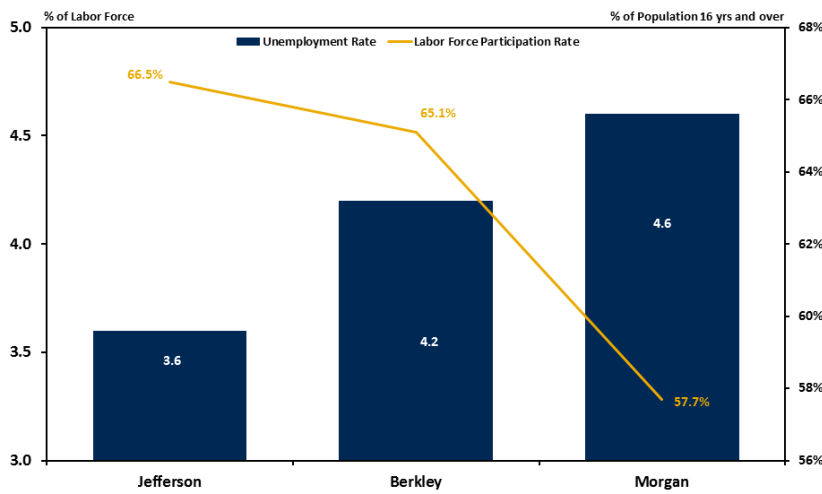


Preliminary data indicate gross cash sales of crops and livestock by local farms totaled nearly \$60 million in 2017. Although this represents a structurally higher level of sales compared to as recently as the late 2000s, gross sales are down by nearly 17 percent since 2014 as the pricing environment several of the region’s primary cash crops and livestock have fallen measurably. Farm income is expected to weaken in 2018 as apple prices have are still below 2016 and 2017 levels.

UNEMPLOYMENT After reaching the mid-8.0 percent range during 2009 and 2010, the Eastern Panhandle’s unemployment rate has fallen significantly to reflect the

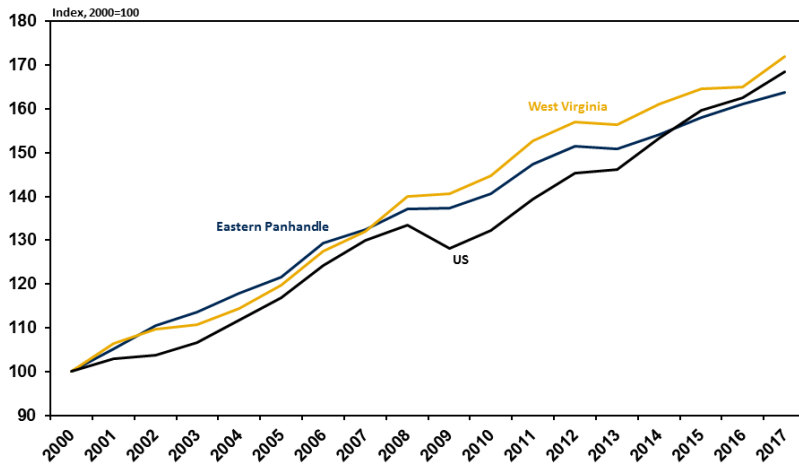
³ Construction data come from McGraw-Hill Construction.

Figure 5: Unemployment and Labor Force Participation by County



Source: US Bureau of Labor Statistics; US Census Bureau
 Note: Unemployment rate figures are 2018q3 averages; Participation rates are 2012-2016 estimates.

Figure 6: Per Capita Personal Income

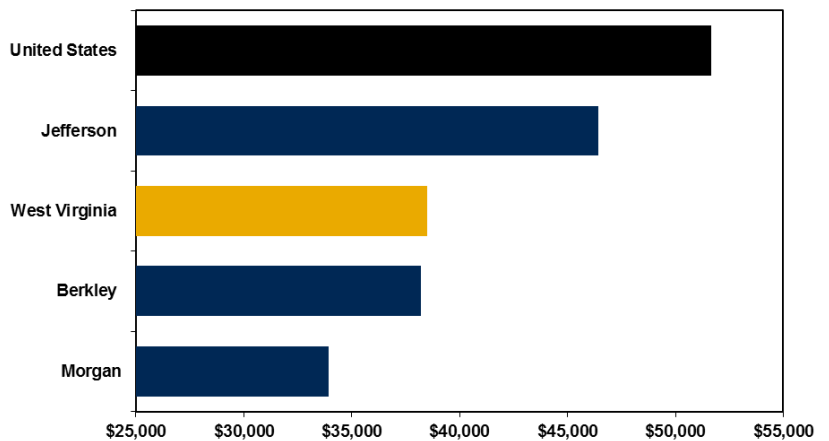


Source: US Bureau of Economic Analysis
 *Note: The 2017 figure for the Eastern Panhandle is an estimate.

LABOR FORCE In contrast to broader statewide trends, the Eastern Panhandle’s unemployment rate declines over the past several years can be linked to improving labor market conditions instead of attrition in the workforce. Overall, the Eastern Panhandle’s labor force has increased by approximately 7,500 people since the beginning of 2010. In terms of official workforce participation, the region has nearly two-thirds of its residents aged 16 years and older working or actively looking for work, surpassing both statewide and national averages. Morgan County contains a larger proportion of retirement-age residents, so its labor force participation is much lower overall; however, even among the prime working-age years of 25 to 44, Morgan County still has workforce participation rates that exceed both state and national averages.

INCOME Per capita personal income in the Eastern Panhandle was estimated at nearly \$40,300 during calendar year 2017, a 1.6 percent gain over 2016 (without adjusting for inflation). Growth in the region’s per capita income levels since 2010 (2.1 percent per year) has lagged both state and national averages, but this can be attributed in part to healthy population growth as the Eastern Panhandle has experienced strong growth in wages and salaries earned from local sources of employment as well as the earnings growth realized by commuters.

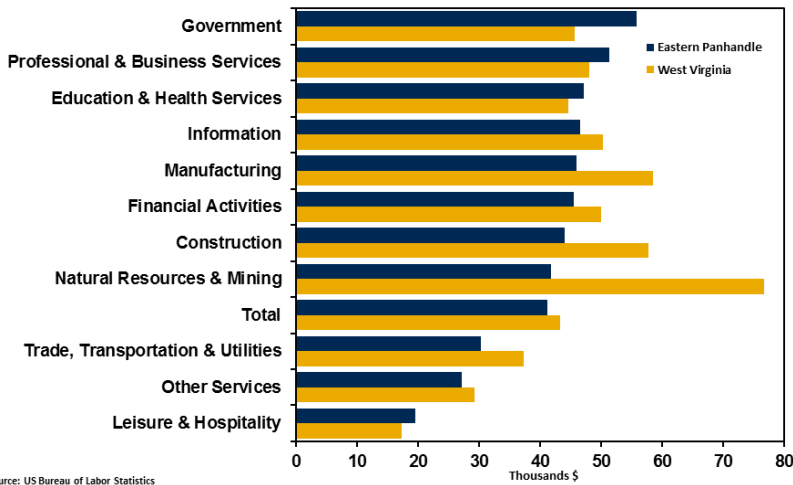
Figure 7: Per Capita Personal Income by Area (2017)



Source: US Bureau of Economic Analysis
 Note: County figures for 2017 are an estimate.

broader improvements in local job growth and a stronger DC-area economy for regional commuters. The region’s jobless rate has climbed more than one-half of a percentage point in the past year to an average of 4.0 percent in the third quarter of 2018. The increase is actually indicative of strength in the Eastern Panhandle’s and Greater Washington Area’s labor markets, as continued job and wage growth have incentivized more individuals to join the labor force. In addition, the three-county area’s unemployment rate is still the lowest of any economic region in the state and is on par with the strong labor market conditions observed in the mid-2000s.

Figure 8: Average Annual Salary by Major Sector (2017)



years (1.1 percent annually) thanks to improving job prospects locally and more affordable housing prices compared to neighboring markets in Virginia and Maryland.

DEMOGRAPHICS Due to some underlying demographic characteristics, the Eastern Panhandle’s population tends to resemble the US as a whole rather than what is observed for populations other parts of West Virginia. For example, Berkeley and Jefferson counties are appreciably younger compared to the state, causing the Eastern Panhandle to have higher birth rates and lower death rates. Consequently, this allows the region to gain residents via natural increase (births minus deaths) while most

Of the three counties in the Eastern Panhandle region, residents in Jefferson County have the highest per capita income at roughly \$46,400, putting it nearly \$8,000 above the statewide average and ranking second among West Virginia’s 55 counties. Per capita income levels in Berkeley and Morgan counties were lower at \$38,200 and \$33,900.

POPULATION The Eastern Panhandle has consistently ranked as West Virginia’s fastest-growing region for the past 20+ years. Between 1997 and 2017, Berkeley, Jefferson and Morgan counties combined to add just over 64,500 residents, offsetting an almost identical magnitude in population decline from the state’s remaining 52 counties combined over this time period. Population growth in the Eastern Panhandle has decelerated in comparison to its performance in the early- to mid-2000s, but gains have begun to pick back up over the past four

counties in the state typically record natural declines, i.e. deaths outnumbering births.

The local population also tends to possess higher levels of educational attainment. Nearly 23 percent of the region’s population aged 25 years and older held at least a bachelor’s degree during 2016. Jefferson County contained the highest share of college graduates in the region, with more than one in four of the county’s residents aged 25 years and older had received a bachelor’s or graduate degree.

Figure 9: Summary Population Profiles

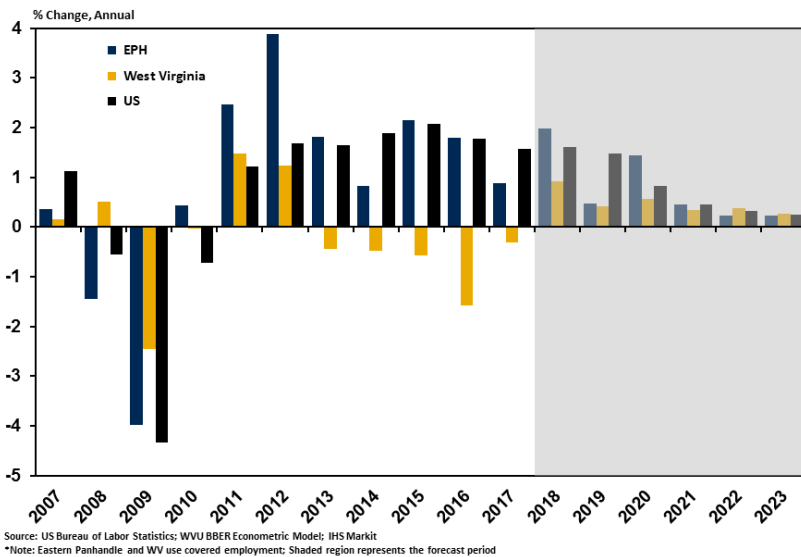
	Eastern Panhandle	West Virginia	United States
Total Population (2017)	188,944	1,815,857	325,719,178
% Population Under 18 (2017)	22.8%	20.4%	22.6%
% Population 65 Years + (2017)	15.4%	19.4%	15.6%
Population with Less than High School Diploma (2016, 25 yrs. +)	12.8%	14.7%	13.0%
Population with High School Diploma, No College (2016, 25 yrs. +)	36.4%	40.5%	27.5%
Population with Some College (2016, 25 yrs. +)	28.0%	25.3%	29.1%
Population with Bachelor’s Degree or Higher (2016, 25 yrs.+)	22.9%	19.6%	30.3%
Median Age (2017)	40.3	42.5	38.0
Mean Household Income (2016)	\$73,179	\$57,779	\$77,866
Average Household Size (2017)	2.61	2.50	2.71

Source: US Census Bureau

Economic Outlook

Expectations for the US economy, and to a lesser extent the broader West Virginia economy, during the forecast horizon will have a significant impact on the Eastern Panhandle’s performance going forward.⁴ The forecast calls for local economic growth to remain healthy over the next five years, thanks to a combination of continued growth in the DC-area economy and rising job growth prospects from within the three-county region. Additional hiring over the next several quarters by Procter & Gamble and several supporting companies will account for a large proportion of area job growth during the outlook period.

Figure 10: Employment Growth Forecast



EMPLOYMENT OUTLOOK We anticipate total employment in the three-county region will increase at a rate of more than 0.6 percent per year through 2023. This represents a slower pace of growth for the Eastern Panhandle compared to how the region has performed since bouncing back from the Great Recession. However, these gains will still be enough to enable the region to post growth that outpaces most economic regions in West Virginia. Job growth for calendar year 2018 is estimated to come in at roughly nearly 2.0 percent, and will average 1.0 percent during 2019 and 2020. Gains will be measurably weaker during the latter half of the outlook period, as overall job growth within the region is more limited as

Procter & Gamble’s facility reaches full operational capacity and reduces hiring.

COUNTY FORECAST Among the three counties, Jefferson County is expected to enjoy the strongest rate of growth over the next five years, averaging nearly 0.7 percent. Jefferson County’s payrolls will be bolstered in part by the opening of Rockwool’s insulation materials manufacturing facility in 2020. Berkeley County’s economy will enjoy gains of nearly 0.6 percent per year on average through 2023. As with the region as a whole, Berkeley County’s growth will be at its strongest during the first couple of years of the outlook period since the build-out and expansion of activity at P&G and other co-located businesses at the Tabler Station location will cause a large portion of the county’s expected job growth to occur by 2020. Morgan County will lag broader regional growth going forward, as its more rural nature and underlying demographic characteristics limit growth to between 0.4 and 0.5 percent per year.

LEADING SECTORS Among the Eastern Panhandle’s major sectors, our forecast calls for manufacturing to record the strongest pace of job growth during the next five years, expanding at a rate of 4.0 percent per year. The bulk of this growth will be accounted for by the opening of Procter & Gamble’s new \$500 million production facility in the Tabler Station area in Berkeley County. Approximately 450 employees are in place for the facility’s initial production lines of detergent products and an additional 400 or so are expected to be added by early-2020 as product lines such as shampoos, conditioners and The Rockwool insulation materials plant is also expected to bolster manufacturing sector payrolls in the area by 100-150 once the facility comes on line by early-2020. Other mainstays of the Eastern Panhandle’s manufacturing sector, such as machinery, building materials and cement, should remain at least stable, but

⁴ All forecast estimates presented herein are derived from the West Virginia University Bureau of Business & Economic Research Econometric Model unless otherwise noted.

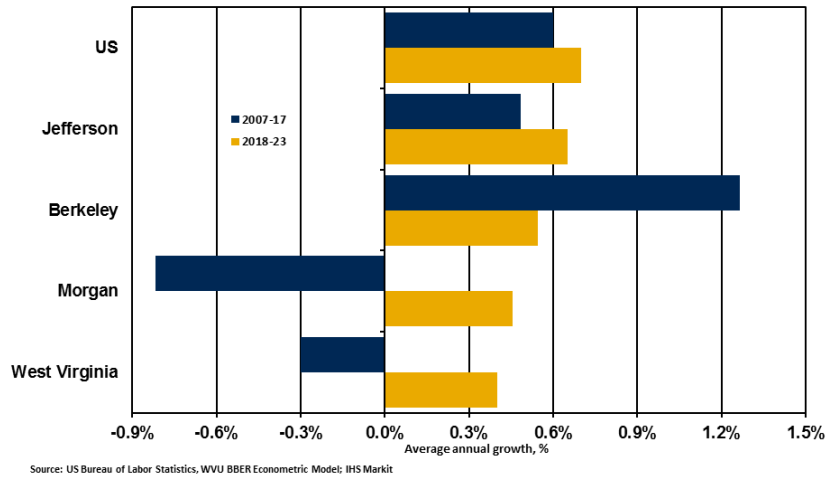
their fortunes are tied more to homebuilding activity or the broader macroeconomic environment.

Private education and health services within the Eastern Panhandle are expected to increase payrolls at an average annual rate of 1.0 percent through 2023. However, the forecast calls for most of this growth to be focused within healthcare. Many of the same underlying drivers of supply and demand that are affecting healthcare spending across West Virginia and the nation as a whole will play out in the Eastern Panhandle, though to varying degrees. While the shift in political parties in the US House of Representatives likely assures no downside risk to the Affordable Care Act and other public healthcare spending over the near term, the longer-term picture is less certain as the nation's deteriorating fiscal situation could lead to tough choices going forward. The area's private education sector is expected to see limited growth potential. In addition, this segment has come under increasing legal, legislative and regulatory scrutiny at both the state and federal level and entities such as American Public University System (APUS) could face restrictions of some form that would lead to significant operational changes and possibly even layoffs.

OTHER SECTORS Construction activity will buoy the Eastern Panhandle's performance, but at 0.4 percent per year the sector's contribution will be weaker in comparison to recent years. Most of the sector's growth will occur early on in the forecast horizon as P&G's Tabler Station site (including any associated infrastructure developments) is built out over the next several quarters. As construction of this facility and the Rockwool plant winds down by 2020, construction sector payrolls will likely decline somewhat. Continued population, income and job gains in the area will facilitate construction of new consumer-focused commercial real estate. Also, new single-family home construction is expected to remain healthy as more inventory is necessary to match population growth created by in-flows of migrants from neighboring suburbs in Northern Virginia and Maryland, spur increased construction of new single-family homes.

Employment in the region's trade, transportation and utilities sector is projected to increase 0.2 percent per year between 2018 and 2023. Despite the positive outlook for

Figure 11: Employment Growth Forecast by Area

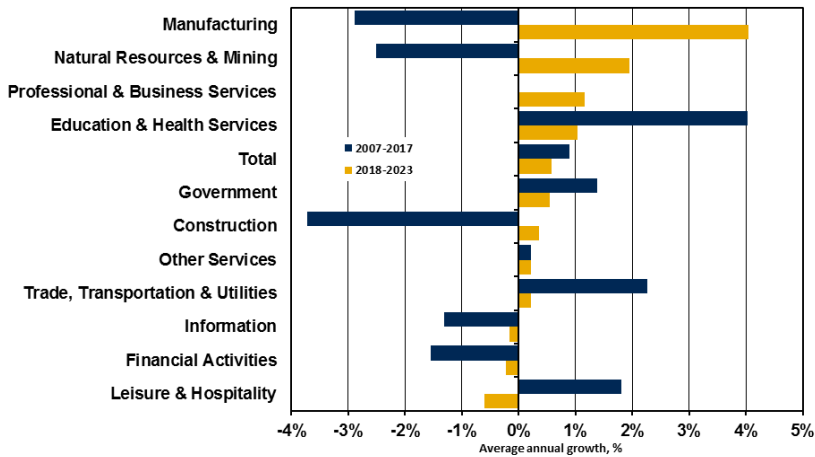


regional population and income growth and rising household wealth created by house price appreciation and equity market gains, local retail activity will be limited by structural changes that are affecting the sector in most of the US. Indeed, the evolution of Amazon and other internet-based retailing venues into more areas of daily consumer spending decisions is only expected to continue during the outlook period. While this will not harm all traditional brick-and-mortar retailers to the same degree, it will likely lead to broader restructuring for the sector that, along with pushes for higher federal- and state-level minimum wages, will weigh on future growth.

The transportation and warehousing segment will be a relatively stronger performer than the rest of the sector over the next five years. The aforementioned structural changes that are affecting brick-and-mortar retailers will actually benefit this segment since many stores are expected to emphasize online operations and fulfillment centers, such as the Macy's center in Martinsburg. In addition, the P&G facility will likely foster more growth opportunities for transportation and warehousing centers beyond those companies that have already decided to co-locate. Indeed, the region's direct access to the I-70/I-81 corridor and proximity to major Eastern US markets should provide a significant competitive advantage going forward and could lead to the development of a larger logistics hub in the three-county area.

The public sector will likely see moderate job growth of 0.5 percent annually over the next five years, and most of this is expected to occur at the local government level. High income levels and projected gains in population will likely

Figure 12: Eastern Panhandle Employment Growth Forecast by Sector



Source: US Bureau of Labor Statistics, WVU BBER Econometric Model

create the need for new school facilities and the expanded provisions of other local services. Federal government jobs in the region are generally expected to remain stable over the outlook period, save for a temporary jump in payrolls attributed to census enumerator and survey processor hiring in 2020.

The forecast calls for the leisure and hospitality sector to see an average annual decline of 0.5 to 0.6 percent during the outlook period. Portions of the sector are expected to register growth over the next five years or so, specifically those affected by discretionary spending patterns of local residents (restaurants, etc.) as well as tourists and businesses (hotels). Unfortunately, the gaming industry is expected to struggle over the longer term. While the recent addition of sports betting offers a competitive advantage over the near term, sportsbook services will likely emerge in other states as they pass laws to allow on-site betting at their own venues. In addition, MGM National Harbor Casino Resort in Prince George’s County, Maryland, remains the largest issue for the Eastern Panhandle’s gaming industry to overcome as it offers newer facilities and broader range of attractions that fall well within the travel radius of visitors who would otherwise go to Charles Town.

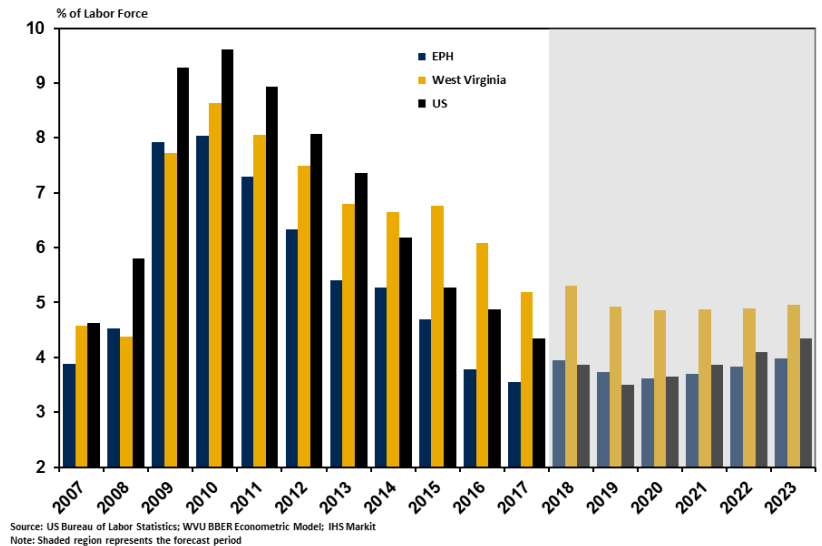
UNEMPLOYMENT OUTLOOK Strong job growth will allow the Eastern Panhandle’s unemployment rate to remain close to all-time lows throughout the forecast horizon. Large revisions to historical data as well as any unanticipated changes in the labor force participation rate

for the Eastern Panhandle could cause the forecast for the area’s unemployment rate to differ significantly from both its projected level and path.

Strong population and wage growth should foster healthy labor force gains over the long term and will likely even put some upward pressure on the jobless rate over the longer term as the local labor market adjusts. Jefferson County is expected to have the lowest unemployment rate throughout the forecast horizon, falling to the lower-3.0 percent range. Morgan County’s jobless rate will likely be the highest among the three counties in the region, but due to demographic factors it should still fall in the mid-4.0-percent range.

LABOR FORCE GROWTH Unlike many other parts of West Virginia, the Eastern Panhandle should continue to see solid and consistent growth in the size of its labor force through 2023. In addition to positive in-migration flows for the region, the absolute size of the under-18 population will only bolster the local workforce over the longer term, as some of these residents will enter the work force as they

Figure 13: Unemployment Rate Forecast



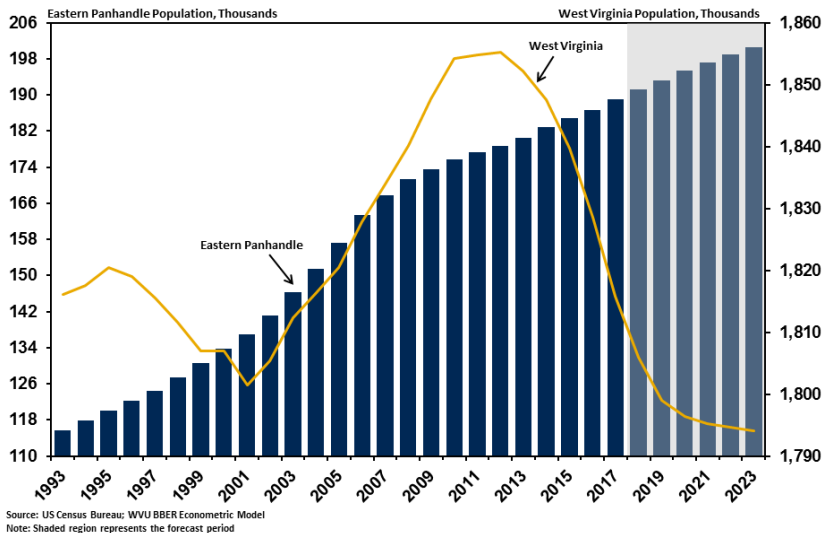
Source: US Bureau of Labor Statistics; WVU BBER Econometric Model; IHS Markit
Note: Shaded region represents the forecast period

graduate from high school and positive prospects for the regional economy will encourage others to return to the area once they finish college. Morgan County will be the exception as its labor force will remain fairly steady in size as entrants to the workforce are offset by older residents exiting the labor force for retirement.

INCOME Inflation-adjusted total personal income is expected to increase 2.1 per year in the Eastern Panhandle through 2023, surpassing the statewide average (1.5 percent) and trailing national-level growth by a small margin (2.4 percent). Further tightening of the three-county area and broader regional labor markets will cause wages and salaries to grow at rates well beyond the statewide average during the outlook period.

Nonwage income sources, particularly investment income from capital gains realizations, dividends and rental properties, will also grow at a healthy pace going forward. While government transfer payments will increase during the forecast period, the region’s healthier labor market and overall age distribution will grow much more slowly than what is expected for the state and nation as a whole. In fact, below-average growth in this income component is driving the region’s moderately slower pace of total personal income growth.

Figure 14: Population Forecast



POPULATION The Eastern Panhandle’s population is expected to grow 1.0 percent annually between 2018 and 2023. Though marking a rate of growth one full percentage point below the Eastern Panhandle’s average increase from the past two decades, it marks a significant departure from what is expected for many of the state’s other regions. Moreover, some of this below-trend growth can be attributed to more modest increases in Morgan County’s resident population. The forecast calls for Berkeley and Jefferson counties to add residents at average annual rates of roughly 1.1 and 1.0 percent, respectively, through 2023.